

**EXHIBIT L**  
**FIXED AND NON-FIXED ASSETS AND SUPPLIES**  
**PURCHASE, INVENTORY AND DISPOSAL REQUIREMENTS**

I. DEFINITIONS OF FIXED AND NON-FIXED ASSETS AND SUPPLIES

A. A Fixed Asset is an item which meets all of the following attributes:

- 1.0 Includes, but is not limited to, property, plant, equipment, land, buildings, additions, attachments, improvements, betterments, machinery, vehicles, furniture, tools, intangibles, mineral resources, etc. which are not consumed/sold during the normal course of Contractor's business under this Contract and are used to carry out Contractor's operations.
- 2.0 Has a unit acquisition cost that is \$5,000 or more (e.g., four (4) identical assets, which cost \$3,000 each, totaling \$12,000 would not meet this requirement). Acquisition cost is the net invoice unit price of an item, including shipping costs and sales taxes, the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.
- 3.0 Has a normal useful life of at least one (1) year.
- 4.0 Is used to conduct business under this Contract.
- 5.0 Is either purchased with Contract Funds and/or was acquired by Contractor under a Predecessor Agreement for the same/similar purpose as this Contract. For purposes of this Contract, Predecessor Agreement shall mean a contract between County and Contractor that was executed prior to this Contract for the same/similar Program Services as this Contract.

B. A Non-Fixed Asset is an item which meets all of the following attributes:

- 1.0 Does not meet the requirements in Subsection A, 1.0 – 4.0, outlined above for Fixed Assets.
- 2.0 Has a unit acquisition cost that is less than \$5,000 but is at least \$500, or has a unit acquisition cost that is less than \$5,000 but is at least \$300 if it was purchased under a Predecessor Agreement for the same/similar purpose as this Contract.

- 3.0 Is either purchased with Contract Funds and/or was acquired by Contractor under a Predecessor Agreement for the same/similar purpose as this Contract.

C. Supplies are items which meet all of the following attributes:

- 1.0 Are goods, materials or other items which are consumed during the normal course of business and may include, but are not limited to, paper, pencils, printer cartridges, file folders, etc. (i.e., Supplies are items which are used in such a way that once used, they cannot be re-used or recovered afterward).
- 2.0 Have a unit acquisition cost that is less than \$500, or less than \$300 if purchased under a Predecessor Agreement for the same/similar purpose as this Contract.
- 3.0 Are necessary for Contractor to effectively and efficiently carry out the objectives, tasks and activities of the Program and provide Services to Clients.
- 4.0 Are either purchased with Contract Funds and/or were acquired by Contractor under a Predecessor Agreement for the same/similar purpose as this Contract.

D. Types of Fixed and Non-Fixed Assets

- 1.0 Additions and Attachments are products that typically involve physical extensions of existing units that are necessary to make these units usable for the purposes for which they are acquired, but do not involve renovations.
  - 1.1 An Addition or an Attachment is considered a Fixed Asset when its cost, combined with the cost of the unit it is attached to, along with its other characteristics, meet the definition of a Fixed Asset as set forth herein.
  - 1.2 Examples of Additions or Attachments include for example new rooms, new roof, or new heating, ventilation and air conditioning (HVAC) system added to an existing building, etc.
- 2.0 Improvements and Betterments are products that typically do not increase the physical size of the asset.

- 2.1 Improvements and Betterments enhance the condition of a unit (e.g., extend life, increase service capacity, and lower operating costs).
- 2.2 An Improvement or a Betterment is considered a Fixed Asset when the final cost of the unit being improved or bettered along with its other characteristics, meet the definition of a Fixed Asset as set forth herein.
- 2.3 Examples of Fixed Assets that might be improved and bettered include roads, bridges, curbs and gutters, tunnels, parking lots, streets and sidewalks, drainage and lighting systems.
- 3.0 Intangible Property can be either a Fixed or Non-Fixed Asset which lacks physical substance but gives valuable rights to the owner.
  - 3.1 The acquisition cost of the Intangible Property includes all amounts incurred to acquire and to ready the Asset for its intended use. Typical intangible property costs include the purchase price, legal fees, and other costs incurred to obtain title to the Asset.
  - 3.2 Examples of Intangible Property include, but are not limited to, patents, copyrights, leases, and computer software.
- 4.0 Hardware, which can be either a Fixed or Non-Fixed Asset, consists of tangible equipment including, but not limited to, computers, printers, terminals, etc.

## II. GENERAL REQUIREMENTS FOR FIXED AND NON-FIXED ASSETS AND SUPPLIES

- A. The following requirements are applicable to Fixed and Non-Fixed Assets (collectively "Assets") and Supplies. In some areas, the requirements are only applicable to Fixed and Non-Fixed Assets; however, Contractor shall exercise due diligence for the use and maintenance of Supplies when specific requirements are not addressed.
- B. Management of Assets and Supplies
  - 1.0 Contractor shall exercise due care in its use, maintenance, protection and preservation of Assets and Supplies to prevent misuse or theft.

- 2.0 Contractor shall not use Assets or Supplies for personal gain or to usurp the competitive advantage of a privately-owned business entity.
- 3.0 Contractor shall use Assets and Supplies for the purpose for which they are intended under the Contract. When no longer needed for that use, Contractor shall use them as prescribed in Section X (Disposal Requirements for Fixed and Non-Fixed Assets and Supplies), herein.
- 4.0 Contractor may share use of Assets or allow use by other programs upon written approval of County. As a condition of approval, County may require payment under this Contract for that use.

C. Loss, Destruction or Theft of Assets

- 1.0 Contractor shall promptly investigate, fully document, and report the loss, destruction or theft of Assets. Contractor shall report such loss, destruction or theft as follows:
  - 1.1 Contractor shall notify the local law enforcement agency with jurisdiction over the location of the crime by telephone (and confirmed in writing by filing a police report) within twenty-four (24) hours of occurrence or discovery of such incident(s).
  - 1.2 Contractor shall notify County's Contract Manager by telephone (and confirmed in writing) or by e-mail within five (5) business days of occurrence or discovery of such crime. Contractor shall prepare an Incident Report which shall be provided to County.
  - 1.3 Contractor's Incident Report of such loss shall contain at a minimum, the following elements:
    - 1.3.1 Identification of the Asset(s);
    - 1.3.2 Recorded value(s) of each Asset;
    - 1.3.3 Facts relating to the crime; and
    - 1.3.4 Where appropriate, a copy of the police report.
  - 1.4 Contractor shall retain the Incident Report pursuant to Paragraph 8.37 (Record Retention and Inspection/Audit Settlement of the Contract).

- 2.0 Contractor agrees to indemnify County for any loss resulting from the use of any Assets.
- 3.0 Contractor shall assume responsibility for the replacement or repair of Assets during the period of the Program, until Contractor has complied with all written instructions from County regarding the final disposition of the Assets (as detailed in Section X (Disposal Requirements for Fixed and Non-Fixed Assets and Supplies), herein).

### III. DEPRECIATION AND CAPITALIZATION POLICY

- A. The following requirements are applicable only to Fixed and Non-Fixed Assets.
- B. Fixed and Non-Fixed Assets purchased with the Federal portion of Contract Funds and/or with Contractor's required matching contributions may not be depreciated or capitalized.
- C. Fixed and Non-Fixed Assets purchased with the non-Federal portion of Contract Funds, if any, may be capitalized and/or depreciated over the estimated useful lives of these Assets pursuant to Contractor's acquisition policies.

### IV. TITLE TO FIXED AND NON-FIXED ASSETS

- A. The following requirements are applicable only to Fixed and Non-Fixed Assets.
- B. Unless otherwise required by Federal or State laws or regulations, or as agreed upon in writing by the parties, Fixed and Non-Fixed Assets remain the property of County until such time as County approves the final disposition of the Fixed and Non-Fixed Assets (i.e., County retains title to all Fixed and Non-Fixed Assets used in the performance of this Contract).
- C. Unless otherwise required by Federal or State laws or regulations or as agreed upon in writing by the parties, Fixed and Non-Fixed Assets purchased under a Predecessor Agreement(s) remain the property of County until such time as County approves the final disposition of the Fixed and Non-Fixed Assets (i.e., County retains title to all Fixed and Non-Fixed Assets purchased under a Predecessor Agreement).

## V. VEHICLES

- A. The following requirements are applicable only to Fixed and Non-Fixed Assets.
- B. Title to Vehicles (Fixed and Non-Fixed)
  - 1.0 County retains title to vehicles which are purchased with Contract Funds.
  - 2.0 County retains title to vehicles purchased with funds from Predecessor Agreements.
- C. Vehicles shall be registered in the name of Contractor only and shall include both vehicles which are purchased with Contract Funds, and those purchased under a Predecessor Agreement(s) and are currently in the possession of Contractor.
- D. Contractor shall provide current and adequate insurance covering all vehicle drivers pursuant to Paragraph 8.24 (Insurance Coverage) of the Contract; and each vehicle driver shall have a current, valid California driver's license.

## VI. GOVERNING REGULATIONS AND POLICIES

- A. Throughout this Exhibit L, references will be made to applicable Office of Management and Budget (OMB) Circulars or applicable Code of Federal Regulations (CFRs), which shall mean that Contractor shall follow the OMB Circulars and CFRs that apply to it based on the type of Program being funded through the Contract and the type of entity that best describes Contractor's organization (e.g., non-profit, local government, educational institution, etc.). The applicable OMB Circulars and CFRs are defined in Exhibit J (Contract Accounting, Administration and Reporting Requirements).
  - 1.0 Contractor shall adhere to both administrative requirements and cost principles as detailed in the applicable OMB Circulars and CFRs as appropriate for Contractor's Program and organization.
  - 2.0 The Contract provides specific references to CFRs, OMB Circulars, rules, regulations, and the like; however, Contractor shall ensure that it follows all applicable laws, rules, regulations, policies, procedures, etc. even if they are not specifically referenced herein.
  - 3.0 The requirements herein are applicable only to Fixed and Non-Fixed Assets. However, Contractor shall exercise

reasonable care in the use and maintenance of Supplies when specific requirements are not addressed.

- B. In the event of any conflict or inconsistency between the requirements established in this Exhibit M and any of the governing OMB Circulars or CFRs, the conflict shall be resolved by giving precedence to the governing OMB Circulars or CFRs.
- C. If the Contract indicates that Fixed and Non-Fixed Assets may be purchased, Contractor shall adhere to all Federal, State and County purchasing and fiscal policies, procedures and requirements. These policies include, but are not limited to:
  - 1.0 The requirements of this Exhibit L.
  - 2.0 Procurement Standards outlined in the OMB Circulars CFRs, as applicable to Contractor's Program and organization as described in Exhibit K (Contract Accounting, Administration and Reporting Requirements).
  - 3.0 Cost principles outlined in the OMB Circulars and CFRs, as applicable to Contractor's Program and organization as described in Exhibit J (Contract Accounting, Administration and Reporting Requirements).
  - 4.0 Additional requirements, which may be communicated to Contractor through County memorandum, directives, change notices, Contract Amendments, etc.

## VII. APPROVAL REQUIREMENTS

- A. The following requirements are applicable only to Fixed and Non-Fixed Assets.
- B. Necessary Prior Approval to Purchase Fixed Assets for AAA, DRP, APS and CSAIBG Programs
  - 1.0 Prior to purchasing or acquiring Fixed Assets, Contractor must receive written approval from County when Contractor will use more than \$5,000 of Contract Funds to purchase the Fixed Asset, authorizing the purchase.
  - 2.0 Prior approval is not required for the purchase of Non-Fixed Assets or Supplies. However, Contractor shall adhere to all of the other procurement policies governing the purchase of Non-Fixed Assets as outlined herein.

- 3.0 Upon receiving approval from County, Contractor shall ensure that all Fixed Asset purchases are approved by the Contractor's Board of Directors or its Authorized Representative, before completing a Fixed Asset purchase.
- 4.0 County's approval of Contractor's Budget does not constitute approval of the purchase of the Fixed Asset(s).
- 5.0 Examples
  - 5.1 If Contractor intends to purchase a \$5,700 Fixed Asset and will use \$2,500 of Contract Funds to purchase the Fixed Asset, prior approval is not required.
  - 5.2 If Contractor intends to purchase a \$5,700 Fixed Asset and will use \$5,700 of Contract Funds to purchase the Fixed Asset, prior approval is required.

C. Necessary Prior Approval to Purchase Fixed Assets for WIA Programs

- 1.0 Prior to purchasing or acquiring Fixed Assets, Contractor must receive written approval from County when Contractor will use any portion of Contract Funds to purchase the Fixed Asset.
- 2.0 Prior approval shall have the same meaning as detailed in Subsection (VI)(A)(6.0), herein.
- 3.0 Contractor shall submit a separate request to County following the instructions provided in WIA Directive number WIAD03-9 (issued on March 25, 2004). Copies of the Directive are available on the Work Source California website, which may be accessed using the following address:  
[http://www.worksourcecalifornia.com/information/wib\\_LAcounty.htm](http://www.worksourcecalifornia.com/information/wib_LAcounty.htm) (there is an underscore between *wib* and *LAcounty*).
- 4.0 County's approval of Contractor's Budget does not constitute approval of the purchase of the Fixed Asset(s).
- 5.0 Examples
  - 5.1 If Contractor intends to purchase a \$4,500 Asset and will use \$2,500 of Contract Funds to purchase the Fixed Asset, prior approval is not required.



5.2 If Contractor intends to purchase a \$10,000 Asset and will use \$2,500 of Contract Funds to purchase the Fixed Asset, prior approval is required.

D. Necessary Prior Approval to Dispose of Fixed and Non-Fixed Assets

1.0 Contractor shall obtain prior written approval from County in order to sell, transfer, donate or otherwise dispose of Assets with a **current** market value over \$500 in the aggregate. The aggregate value is either the total value of a single item or the combined value of multiple items.

2.0 Contractor shall contact County's Contract Manager to obtain specific instructions for requesting prior approval from County and shall adhere to all County requirements for the disposal of these Assets.

3.0 Prior to the sale, transfer, donation or other disposal of all Assets consisting of electronic equipment with memory capability, Contractor shall notify County to ensure that the device's memory and/or any information stored in the memory is permanently removed, erased and cleared of all Contract and Program related records and information (or any information that would compromise Contractor's ability to adhere to the confidentiality requirements of the Contract, including Paragraph 7.6 (Confidentiality) of the Contract, Exhibit F (Contractor Acknowledgement and Confidentiality Agreement), and Exhibit P (Contractor's Obligations as a "Business Associate" Under the Health Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act (Business Associate Agreement)).

E. Necessary Prior Approval to Use Program Income from Sales Revenue

1.0 Contractor shall obtain prior written approval from County for the use of Program Income derived from revenue earned after the sale of Assets pursuant to Exhibit J (Contract Accounting, Administration and Reporting Requirements).

VIII. PURCHASE REQUIREMENTS FOR FIXED AND NON-FIXED ASSETS

A. The following requirements are applicable only to Fixed and Non-Fixed Assets. However, Contractor shall exercise due diligence for

the purchase of Supplies when specific requirements are not addressed.

B. Cost Requirements

1.0 Contractor shall perform a cost or price analysis prior to the purchase of an Asset.

1.1 Cost analysis includes the review and evaluation of each element of cost to determine its reasonableness, allocability, and allowability. Contractor shall ensure that Assets are allowable and allocable pursuant to the cost principles outlined in applicable OMB Circulars and CFRs.

1.2 Price analysis includes the comparison of price quotations submitted, market prices, and similar indicia, together with discounts.

2.0 Contractor shall conduct an analysis of lease and purchase alternatives to determine the most economical and practical procurement method.

3.0 Contractor shall avoid purchasing unnecessary or duplicative items. Contractor shall ensure that the costs for Assets are reasonable and proper and that the Assets are necessary to carry out the purposes and activities of the Program (or are necessary and reasonable for the proper and efficient accomplishment of Program objectives).

4.0 Contractor shall ensure that all costs associated with the purchase of Assets are included in its total actual cost (i.e., the final cost of the Asset should include all amounts to be incurred to acquire and to ready the Asset for its intended use). The total actual cost shall also include any deductions for cash discounts, rebates and allowances received by Contractor.

5.0 Contractor shall only charge the total actual cost of the Asset to the Contract. If the total actual cost of the Asset is allocable to multiple funding sources, the share of costs charged to the Contract shall not be charged by Contractor to another grant.

C. Competition

1.0 Contractor shall conduct all procurements for Assets in a manner that provides full, open and free competition

consistent with the procurement standards outlined in the applicable OMB Circulars/CFRs.

- 2.0 Contractor shall ensure that it obtains a minimum of three (3) written competitive bids from the best known sources prior to purchasing the Asset(s).
- 3.0 Contractor shall avoid organizational conflicts of interest and non-competitive practices among vendors that may restrict or eliminate competition or otherwise restrain trade.
- 4.0 Contractor or Contractor's agent who develops or drafts specifications, requirements, statements of work, invitation for bids and/or request for proposals for the procurement of Assets shall be excluded from competing for such procurements.
- 5.0 Contractor shall select the vendor whose bid is most responsive to the requirements outlined in the solicitation.
- 6.0 Sole Source (Procurement by Non-competitive Proposal)
  - 6.1 Sole source procurement is the solicitation of a proposal from only one (1) source or after solicitation of a number of sources, competition is determined inadequate.
  - 6.2 Sole source procurement may only be used when the procurement is not feasible under the small purchase procedures, sealed bids or competitive proposals (as defined in applicable OMB Circulars and CFRs) and one of the following applies:
    - 6.2.1 The Asset is available only from a single source.
    - 6.2.2 Public exigency or emergency for the Asset will not permit a delay resulting from a competitive solicitation.
    - 6.2.3 County provides written authorization for non-competitive procurement of the Asset.
    - 6.2.4 After solicitation of a number of sources, and with written approval from County, competition is determined inadequate.
- 7.0 Contractor shall ensure that solicitations for Assets provide:

- 7.1 Clear and accurate description of the technical requirements for the Asset to be procured and such description shall not contain features which unduly restrict competition.
- 7.2 Requirements which the bidder must fulfill and all other factors to be used in evaluating bids.
- 7.3 Description of the functions to be performed/performance required, including the minimum acceptable standards, when practicable.
- 7.4 Description of specific features of "brand name" products or an equivalent that bidders are required to meet when such items are included in the solicitation.
- 7.5 Acceptance, to the extent possible and economically feasible, of Assets dimensioned in the metric system of measurement.
- 7.6 Preference, to the extent possible and economically feasible, for Assets that conserve natural resources and protect the environment and are energy efficient.
- 8.0 Contractor shall make an effort to utilize small businesses, minority-owned firms and women's business enterprises whenever possible, pursuant to the procurement procedures outlined in applicable OMB Circulars and CFRs.

D. Procurement Instrument

- 1.0 Contractor shall determine the type of procurement instrument to be used for the purchase, which may include purchase orders, fixed price contracts, cost reimbursable contracts, etc.
- 2.0 The procurement instrument shall promote the best interests of the Program.
- 3.0 "Cost-plus-a-percentage-of-cost" or "percentage of construction cost" methods of procurement shall not be used.

E. Documentation Requirements

- 1.0 Contractor shall maintain proper forms of documentation to demonstrate the significant history of the procurement for all

Assets (e.g., requisitions, purchase orders, receipts, price quotes/vendor bids, etc.).

2.0 Contractor shall have written internal procurement procedures in place (including processes for vendor selection, requisition approval, etc.).

3.0 Contractor shall maintain documentation of its cost/price analysis and any sole source procurement.

4.0 Contractor's Budget

4.1 Contractor shall report Assets purchased with Contract Funds on the Budget. Prior to reporting Assets on the Budget, Contractor shall receive approval to purchase Assets as detailed in Section VII (Approval Requirements), herein.

4.2 Assets purchased by Contractor shall match the Assets reported on the Budget.

4.3 The total cost of Assets purchased shall not exceed the amounts reported on the Budget.

4.4 In the event the actual purchase price is either more or less than the cost reported on the Budget, Contractor shall submit a Budget modification to County's Contract Manager before the end of the Fiscal Year pursuant to Paragraph 9.8 (Modifications) of the Contract. Contractor shall be liable for the cost of any Asset when that cost exceeds the amount approved by the County for the purchase of the Asset.

5.0 Documentation Requirements for AAA Programs

5.1 In addition the documentation requirements outlined above, the following applies to AAA Programs:

5.1.1 Contractor shall submit supporting documents including, but not limited to, receipts, purchase orders, invoices, etc. for all Assets.

5.1.2 The supporting documents shall be submitted to County's Contract Manager at the same time that Contractor submits its invoice to County for the purchase.

- F. Assets must be physically received prior to the end of the Fiscal Year during which they are purchased.
- G. Assets purchased either wholly with the Federal share of Contract Funds and/or with any required Contractor matching contribution shall be charged directly to the Program.

IX. INVENTORY REQUIREMENTS FOR FIXED AND NON-FIXED ASSETS

- A. The following requirements are applicable only to Fixed and Non-Fixed Assets. However, Contractor shall exercise reasonable care in the maintenance and tracking of Supplies.
- B. Asset Bar Code Identification Tags
  - 1.0 Contractor shall ensure that all Assets are properly identified with Asset Bar Code Identification tags. These tags shall provide a unique identifier for each Asset, which is used to track the Asset until its final disposition.
  - 2.0 Contractor shall notify County's Contract Manager to obtain the Asset Bar Code Identification tags and County will affix the tags on each Asset.
- C. Inventory Tracking
  - 1.0 Every two (2) years, or more frequently as requested by County, Contractor shall conduct a physical inventory of all Assets and reconcile the results with Contractor's Asset accounting records.
  - 2.0 Contractor shall investigate any differences between quantities determined by the physical inspection and those shown in the accounting records to determine the causes of the difference.
  - 3.0 As part of its inventory tracking, Contractor shall verify the existence, current utilization, and continued need for Assets.
  - 4.0 Contractor shall inventory these Assets until the final disposition procedures have been completed for the Assets.
- D. Inventory Reporting Using the Inventory Control Form and/or Inventory Letter
  - 1.0 During any Fiscal Year in which Contractor purchases Assets, it shall report its inventory of those Assets to County. To this end, Contractor shall utilize Exhibit M (Inventory

Control Form), as the mechanism to report these Assets, as further described in Subsection IX(D)(2.0), herein. During any Fiscal Year in which Contractor does not purchase any Assets, Contractor shall prepare an Inventory Letter in lieu of completing the Inventory Control Form, as further described in Subsection IX(D)(3.0), herein.

## 2.0 Inventory Control Form

- 2.1 On an annual basis or more frequently as requested by County, Contractor shall complete Exhibit M (Inventory Control Form) to report its Assets and shall submit it to County's Contract Manager.
- 2.2 Contractor shall maintain supporting records for all Assets reported on the Inventory Control Form including, but not limited to, receipts of purchase, purchase orders, etc.
- 2.3 Contractor shall include such supporting records, which must be placed in sequential order (to match the order of the Assets listed on the Inventory Control Form) with the Inventory Control Form unless otherwise directed by County.
- 2.4 Contractor shall ensure that the information on the supporting records match the information reported on the Inventory Control Form.
- 2.5 Contractor shall complete the Inventory Control Form by reporting the following Assets:
  - 2.5.1 Assets purchased during prior Fiscal Years.
  - 2.5.2 Assets purchased under Predecessor Agreements.
  - 2.5.3 Assets which County has not authorized Contractor to dispose of (i.e., Contractor shall report all Assets on the Inventory Control Form until the final disposition procedures have been completed for the Assets).
- 2.6 If Contractor has multiple Contracts with County, Contractor shall use a separate Inventory Control Form to report Assets for each Contract.

## 3.0 Inventory Letter

3.1 On an annual basis or more frequently as requested by County, Contractor shall prepare the Inventory Letter, and shall submit it to County's Contract Manager. The Inventory Letter shall adhere to the following:

3.1.1 It shall indicate that no Fixed or Non-Fixed Assets were purchased using Contract Funds during the prior Fiscal Year (and shall list the full term of the Fiscal Year; for example, July 1, 20XX – June 30, 20XX).

3.1.2 It shall include the Contractor's name, Contract number and the name of the Program.

3.1.3 If Contractor has multiple Program components, Contractor shall prepare a separate Inventory Letter to report that no Assets were purchased for each Program component. For purposes of this Contract, the Program component is defined as the work to be provided under the Contract which:

3.1.3.1 Has its own defined Services, Clients and other specific requirements as outlined in Exhibit I (Statement of Work); and,

3.1.3.2 Is funded with its own share of the Contract Funds.

3.1.4 The Inventory Letter shall be signed and dated by the Contractor's Authorized Representative.

X. DISPOSAL REQUIREMENTS FOR FIXED AND NON-FIXED ASSETS AND SUPPLIES

A. The following requirements are applicable to Fixed and Non-Fixed Assets and Supplies. However, Contractor shall exercise due diligence to dispose of Supplies when specific requirements are not addressed.

B. Consistent with Federal and State regulations, Contractor may dispose of Assets and Supplies pursuant to the guidelines reflected herein and applicable OMB Circulars and CFRs.



- C. For purposes of this Exhibit L, disposal shall include the sale, discarding, transfer, donation or trade-in or other disposal of Assets.
- D. Only Assets that are considered Salvage or Surplus may be sold, transferred, donated or otherwise disposed of.
  - 1.0 Salvage items include Assets which are either obsolete or broken/irreparable.
  - 2.0 Surplus items are Assets which are no longer needed for the Program due to termination of the Contract, termination of the Program, dissolution of Contractor's operations, or other similar circumstances.
  - 3.0 Contractor may sell, transfer, donate or otherwise dispose of Assets when these conditions are met:
    - 3.1 Only after the Assets have first been offered and declined in writing by County.
    - 3.2 The sale, transfer, donation or other disposal does not create a conflict of interest for County or Contractor (i.e., Contractor employees, or Contractor employees' family members, businesses which employ or have a relationship with Contractor, employees or employees' family members, businesses conducting business with the Contractor, and Clients, etc.).
- E. Disposition upon Dissolution of Contractor or Termination of Contract
  - 1.0 When the Program, for which Assets were purchased, has ended or after dissolution of Contractor's operations, County reserves the right to determine the final disposition of the Assets.
  - 2.0 Disposition may include, but is not limited to, County taking possession of and acquiring the Assets.
  - 3.0 Contractor shall prepare a final Inventory Control Form reflecting the Assets to be provided to County, and shall submit it to County's Contract Manager.
  - 4.0 County reserves the right to require Contractor to transfer such Assets to another entity, including, but not limited to, the County or the State.

- 5.0 To exercise the right referenced in Subsection X(E)(4.0), herein, County will issue specific written disposition instructions to Contractor no later than 140 days after termination of the Contract or notification of the Contractor's dissolution.

F. Supplies

- 1.0 Contractor shall compensate County for its share of the residual inventory of unused Supplies if the **current** fair market value of the inventory exceeds \$500 or more in the aggregate when the items are no longer needed for either the Program or another Federally-funded program.
- 2.0 The aggregate value in this case is the total value of all remaining unused Supplies.

G. Current Fair Market Value

- 1.0 Contractor shall determine the current fair market value of all Assets being sold, transferred, disposed of or donated.
- 2.0 Contractor shall use one or more of the following methods/resources to determine the current fair market value:
  - 2.1 Orion Computer Blue Book
  - 2.2 Professional or expert appraisal
  - 2.3 Public advertisement
  - 2.4 Industry quotation
  - 2.5 Other similar methods/products

H. Sale of Assets

- 1.0 After receiving written approval from County for this action, Contractor may sell Assets, which meet the requirements outlined in Subsection X(D)(1.0 – 3.0), herein, as a method of disposing those Assets.
- 2.0 Contractor shall have proper sales procedures in place in order to sell Assets. These procedures shall provide for competition to the extent practicable and shall result in the highest possible return.

- 3.0 Contractor shall record all sales revenue information relating to the sale or disposition of the Assets. Revenue from the sale of Assets becomes Program Income and Contractor may be required to reimburse County for the revenue that is earned pursuant to Exhibit J (Contract Accounting, Administration and Reporting Requirements).
- 4.0 After the sale of an Asset, Contractor shall prepare an updated Inventory Control Form and submit it to County within the timeframe to be specified by County. The updated Inventory Control Form shall reflect information on the Assets sold.
- 5.0 Contractor shall obtain receipts from the recipient of the sale item(s) acknowledging receipt of the sale item(s) and shall forward copies of the receipts to County's Contract Manager along with the completed Inventory Control Form.

I. Transfer of Assets

- 1.0 After receiving written approval from County to transfer Assets, which meet the requirements outlined in Subsection X(D)(1.0 – 3.0), herein, Contractor may proceed with this action as a method of disposing those Assets.
- 2.0 Contractor shall transfer Assets according to this order:
  - 2.1 To another program providing the same or similar service as that provided in this Contract.
  - 2.2 To a State/Federally-funded program.
- 3.0 After the transfer of an Asset, Contractor shall prepare an updated Inventory Control Form and submit it to County's Contract Manager within the timeframe to be specified by County. The updated Inventory Control Form shall reflect information for the Assets transferred.
- 4.0 Contractor shall obtain receipts from the recipient of the transferred item(s) acknowledging receipt of the transferred item(s) and shall forward copies of the receipts to County's Contract Manager along with the completed Inventory Control Form.

J. Donation of Assets

- 1.0 After receiving written approval from County to donate Assets, which meet the requirements outlined in Subsection

X(D)(1.0 – 3.0), herein, Contractor may proceed with this action as a method of disposing those Assets.

2.0 To donate Assets, Contractor shall:

2.1 Prepare an updated Inventory Control Form and submit it to County's Contract Manager within the timeframe to be specified by County. The updated Inventory Control Form shall reflect information for the Assets donated.

2.2 Obtain receipts from the recipient of the donated item(s) acknowledging receipt of the donated item(s) and shall forward copies of the receipts to County's Contract Manager along with the completed Inventory Control Form.

2.3 Obtain liability waiver(s) for donated items. Contractor shall be responsible for developing its own liability waiver, which should provide the following information, at a minimum:

2.3.1 Names and addresses of Contractor and recipient organization.

2.3.2 Complete description of Asset(s) being donated including, but not limited to, Asset Bar Code Identification tag number, Asset name and make/model, serial number, quantity and condition.

2.3.3 Date when donation was received by recipient organization.

2.3.4 Certification statement to be attested to by recipient organization releasing Contractor from all liability for donated Asset(s).

2.3.5 Name, signature and title of the recipient organization's Authorized Representative.

XI. RECORDKEEPING

A. Contractor shall maintain all Inventory Control Forms and all supporting records (including but not limited to invoices, receipts, purchase orders, etc.) for Assets and Supplies pursuant to Paragraph 8.37 (Record Retention and Inspection/Audit Settlement) of the Contract.

- B. Contractor shall make these documents available for collection and/or viewing by Federal, State and County authorities.